

# S&MM

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## SALES & MARKETING MANAGEMENT

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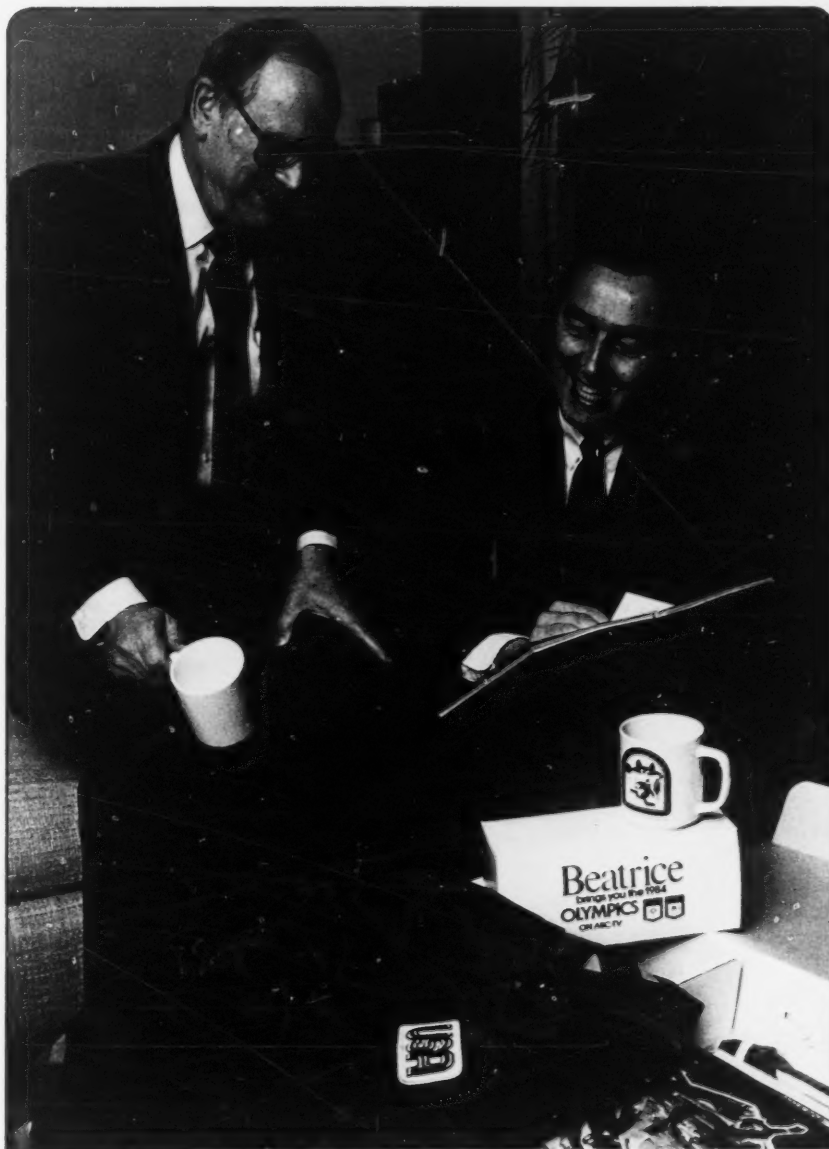
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S&MM's cover photo by Tony Kelly, courtesy of Beatrice Foods

transition that MTI Systems completed last October. The reason: "We changed when our customers started changing," says Bert Rudofsky, chairman of MTI, formerly Measurement Testing, Inc. "To grow we had to move into computers."

Thus far the transformation has been successful. The Port Washington, NY, company sells computer terminals and peripherals for such manufacturers as Texas Instruments, Digital Equipment, and Intel Corp., its biggest supplier. After nine months of fiscal 1984, its earnings of \$175,000 from \$12 million in sales are 75% ahead of its performance in all of 1983, when sales totalled \$13.5 million.

Rudofsky credits that success to his "technically sophisticated" 20-member sales force, part of which sells equipment with industrial and research applications, while the other part sells equipment with applications in office-oriented data communications. Salespeople are paid commissions based on gross margins, not gross sales—most are computer engineers hired since the changeover; they supplement the original five-person rep sales force, all of whom survived the changeover in October.

Aware that the use of personal computers (PCs) is growing among his customer base, end-users of data-processing and technically oriented computer systems, MTI recently began to service IBM PCs. Rudofsky admits that the move is aimed at salvaging a piece of the PC market after a wrong decision he made earlier to sell PCs made by Texas Instruments and Digital Equipment. In that instance, Rudofsky acknowledges, "We backed the wrong horses."

## Johnstone tries cooperation

Johnstone Supply, Portland, OR, is a distributor that changed its spots and is growing as a result. A cooperative association of more than 60 independently owned plumbing supply businesses in the U.S., it gained 20 new members last year, its second full year as a co-op. Better

### S&MM MARKET HIGHLIGHT

## Fastest-growing services

Those who specialized in keeping Americans healthy or out of legal difficulties tended to do better in 1982 than most others, statistics from the Census Bureau's annual report on selected services indicate. While total service receipts rose 9%, hospitals did much better, up 16%, followed by legal services, 12%, and physicians, 11%. The selected services that the bureau tracks account for 36% of the \$986.4 billion consumers spent on all services in 1982. The leading gainers:



| Service business               | 1982 \$ Mil.     | % Gain Over 1981 |
|--------------------------------|------------------|------------------|
| Hospitals                      | \$93,347         | 16.4%            |
| Legal services                 | 35,547           | 12.0             |
| Physicians                     | 51,894           | 11.0             |
| Dentists                       | 16,083           | 8.1              |
| Auto repair                    | 22,144           | 6.7              |
| <b>Total selected services</b> | <b>\$352,156</b> | <b>8.6%</b>      |

Note: Health and legal services estimates do not include nonemployer receipts.  
Source: Census Bureau, 1982 Service Annual Survey, BS-82-01  
© Sales & Marketing Management.

still, members' total sales were up 30% to \$50 million-plus, only a fraction of which was due to the new members. Already this year, two more members have signed on.

One reason for the growth, says company president John Shank, who owned Johnstone when it was a franchise operation, is competition from formidable chains, such as W.W. Grainger, and from large, locally established companies. Shank looks for independent dealers eager

to get volume discounts and better parts availability so they can compete. To find them he relies on word of mouth, vendor references, and ads in such trade publications as *Wholesaler* and *Appliance Service News*.

A second reason for the association's growth, Shank says, is that members find it attractive because they don't belong to it, they own it.

As Shank sees it, one of his association's major jobs is providing support to members, mainly through direct mail promotions and a 500-page catalogue that is issued three times a year. The cost of membership is 1% of gross sales each month for the co-op's advertising, plus 1% for its administrative overhead.

Circulating information among members creates what is almost a national account system, Shank says. After one member sold a carbonator pump last fall to soft drink bottlers, other members learned about it via the "Johnstone Journal." That resulted in additional sales, to bottlers in other areas. Says Debbie Kauphusman, purchas-



Johnstone Supply's John Shank

Force colonel, tried to sell in retail stores such meals under the name Skylab Foods. They failed to go into orbit. "The public," says Sable, "is entirely frightened of things that come out of space."

Sable is trying again, this time in partnership with Hanover House Industries, Hanover, PA (sales: \$200 million), the mail-order division of Horn & Hardart Co. The new product is heat-and-serve meals called Golden Moments. And he's soft-peddaling the space angle, concentrating instead on the food's nutritional value and convenient means of preparation. Packed in

aluminum retort pouches, they can be heated by being placed in boiling water or on any heat source.

Primarily marketed through catalogues to the elderly (hence the name), the line is also being sold in boating and camping retail stores. A low-calorie version is sold by weight-loss clinics. Hanover also sells the product to public and private agencies for meals-on-wheels programs. They contain no preservatives or artificial ingredients, yet have a shelf life of three to five years thanks to their packaging. Six entrées are available, packed in boxes of 12 at \$27 at retail. 

## WORLD TRADE

### World's Fair keeps its head above water

"The World of Rivers—Fresh Water as a Source of Life" is the theme of the 1984 Louisiana World Exposition, set to open in New Orleans on May 12. The exposition offers participating corporations the chance to get their names and products before the more than 10 million visitors expected to attend the fair during its six-month run through Nov. 11.

Approximately 80% of the exhibit space is now filled, and officials are confident that the Louisiana fair will turn out to be a money-maker, something of a rarity where world's fairs are concerned; Expo '82, the Knoxville fair, just barely reached the break-even point. But sponsors of the Louisiana

## S&MM Barometer

### Southwest misses the upbeat

Although the employment recovery tops expectations, it isn't benefiting local markets evenly. Because wages and salaries account for 61% of Effective Buying Income, marketers must pay heed to this dissonance when mapping sales strategies for 1984.

Between October 1982 and October 1983, the latest period for which Bureau of Labor Statistics has data, the economy generated more than 1 million new jobs, but three regions account for more than three-fourths of the gain—the Southeast, up 414,000; Far West, 289,000, and Great Lakes, 111,000. Only two regions account for 92% of 348,000 new manufacturing jobs: the Southeast, 191,000, and Great Lakes, 157,000.

The big surprise: The usually high-flying Southwest is still lagging, with the smallest gain in total jobs and smaller manufacturing payrolls than a year ago. Arizona has posted smart gains, but Texas and Oklahoma have fewer workers than a year earlier. Total employment is up most dramatically in Alaska, 5.3%, and Florida, 4.7%.

### Where the job gains are

| Region         | Total<br>Employment<br>Oct. 1983<br>(000) | % Gain<br>Oct. 1982–<br>Oct. 1983 | Total<br>Mfg.<br>Oct. 1983<br>(000) | % Gain<br>Oct. 1982–<br>Oct. 1983 |
|----------------|-------------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| U.S.           | 90,882                                    | +1.2%                             | 18,746                              | +2.1%                             |
| New England    | 5,532                                     | +1.1                              | 1,434                               | +1.2                              |
| Mideast *      | 17,470                                    | +0.4                              | 3,443                               | -1.1                              |
| Great Lakes    | 15,873                                    | +0.7                              | 4,090                               | +4.0                              |
| Plains         | 6,732                                     | +0.9                              | 1,258                               | +2.4                              |
| Southeast      | 19,920                                    | +2.1                              | 4,341                               | +4.6                              |
| Southwest      | 8,970                                     | +0.2                              | 1,373                               | -0.1                              |
| Rocky Mountain | 2,733                                     | +1.6                              | 352                                 | +2.0                              |
| Far West       | 13,652                                    | +2.2                              | 2,455                               | +0.7                              |

Source: Bureau of Labor Statistics, *State and Metropolitan Area Employment and Unemployment: October 1983*, USDL 83-521

\* Sales & Marketing Management



Past meets future in converting unused space to space-age space.

exposition are counting on greater corporate and international participation to help them turn a profit on their \$350 million investment.

The project has converted an 82-acre portion of the New

## Where you'll find discretionary dollars

A big factor behind consumers' record spending splurge last Christmas was the greater availability of discretionary dollars. A tip-off comes from some of the best-sellers: videocassette recorders (VCRs), home computers, stylish clothes, and jewelry. While there's general agreement that discretionary dollars are what's left after the necessities are bought, there's no consensus on how to measure them. However, the Conference Board and the Census Bureau now have tackled the issue, using data from the bureau's annual survey of consumer income and

Bureau of Labor Statistics' 1972-73 consumer expenditures survey. They estimate that, in 1980, 27 million households (about 31% of the U.S. total) had \$193 billion in discretionary income, or 14% of total after-tax income. Their average income, \$36,954, was 75% greater than the all-household norm.

Not surprisingly, households in the discretionary income class tend to be headed by a manager or professional. Two or more members are in the labor force, and they generally are older and well educated.

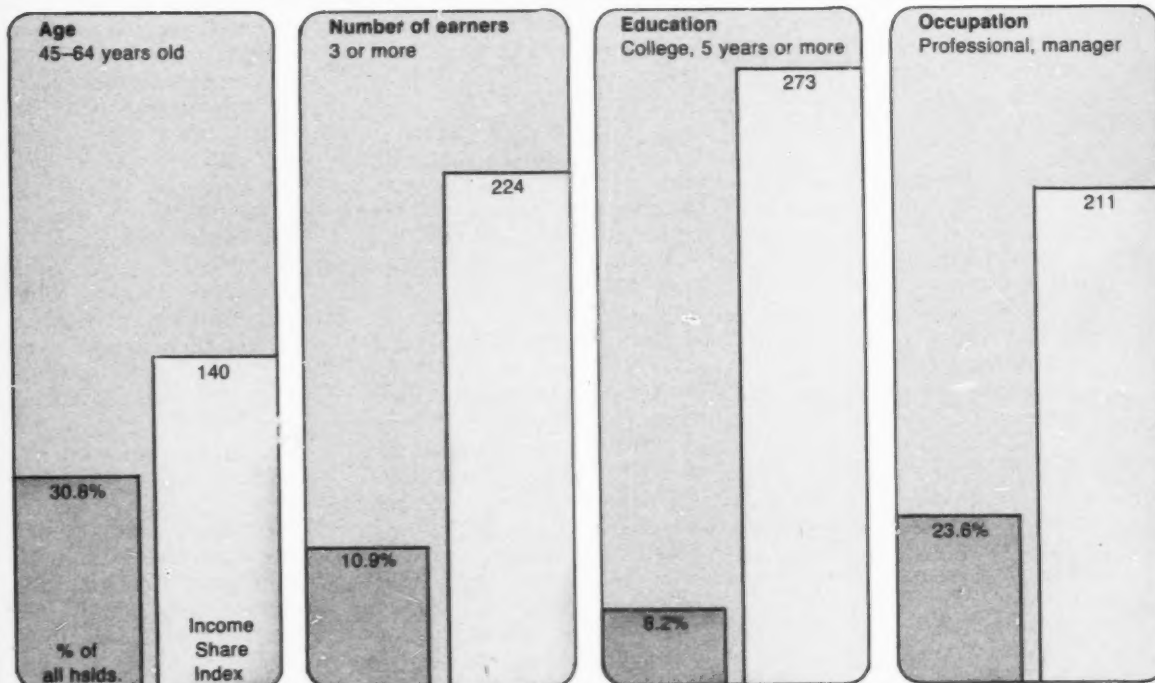
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### Overview of discretionary income market

| Pre-Tax Income    | Hslds. With Discretionary Income (000) | % Of Hslds. In Pre-Tax Income Group | Spendable Discretionary Income (\$ Bil.) | % Of Spendable Discretionary Income |
|-------------------|----------------------------------------|-------------------------------------|------------------------------------------|-------------------------------------|
| Under \$25,000    | 6,165                                  | 11.0%                               | \$ 17.5                                  | 9.0%                                |
| \$25,000-\$34,999 | 7,441                                  | 54.8                                | 31.8                                     | 16.5                                |
| \$35,000-\$49,999 | 7,297                                  | 86.2                                | 55.5                                     | 28.7                                |
| \$50,000-\$74,999 | 3,338                                  | 99.6                                | 52.9                                     | 27.4                                |
| \$75,000 or more  | 1,051                                  | 100.0                               | 35.6                                     | 18.4                                |
| <b>Total</b>      | <b>25,292</b>                          | <b>30.7%</b>                        | <b>\$193.3</b>                           | <b>100.0%</b>                       |

Note: Details may not add to totals due to rounding.  
Households are for March 1981; income for preceding year.

### Household types that set the pace



Note: Index calculated by dividing household category's share of total spendable discretionary income by share of total households; an index of 273 means the category's share of discretionary income is 173% greater than its share of total households.

## THE COMPUTER IN SALES &amp; MARKETING

# PCs and marketers forge a productive alliance

*Low hardware prices and user-friendly software make it easier for sales and marketing executives to computerize many aspects of their jobs.*

By NORMAN WIENER  
Vice President  
Strategic Futures, Inc.

There are (at least) seven shaggy arguments sales and marketing executives make against using personal computers (PCs), and here they are, with rebuttals:

1. "I don't know how to type." You don't have to type. Any PC program you use can be run with two fingers.

2. "I don't know how it works." If that was a valid argument, few of us would ever buy an automobile or even a refrigerator.

3. "I don't know how to program it." You don't need to know anything about programming to use the off-the-shelf software packages that are increasingly available.

4. "Technology is changing rapidly, so I'm waiting for the next product generation." There will always be a better computer two years from now. The astute marketer should be an opportunist who can identify tools for increasing earnings rather than a procrastinator who puts decisions off.

5. "I keep up-to-date files on everything that affects me, so I don't need a computer." Paper-

based files are one-dimensional and provide limited means for making quick, quantifiable decisions.

6. "I don't have a strong math background." The programs do the tough work for you—you just tell them the numbers.

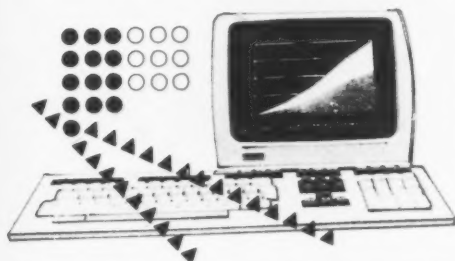
7. "I have no applications to run on these machines." Before you're halfway through this series of articles, you'll have an ample assortment of

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applications to consider. The box on "Nine Ways the PC Can Help Sales Managers" (see facing page 37) demonstrates the various areas in which the PC will be productive.

Now that we have answered the most common objections, let's see how the PC will improve your decision-making and problem-solving. Here are some of the most important benefits:

1. The potential savings in time offered by the PC represents a substantial opportunity cost. As any experienced PC user will tell you, projects that once took days can now be done in hours and, in some cases, minutes, with the machine. For any manager involved in selling, where time is directly cor-



related to earnings potential, this reason alone should be compelling.

2. The availability of user-friendly software lets managers start right in, producing results. Software today is written and designed to be used by non-data-processing professionals.

3. Software for sales and marketing uses is becoming increasingly available at an unprecedented pace. In many cases, marketers can use one of the many popular spreadsheet or data-base management programs for problem-solving.

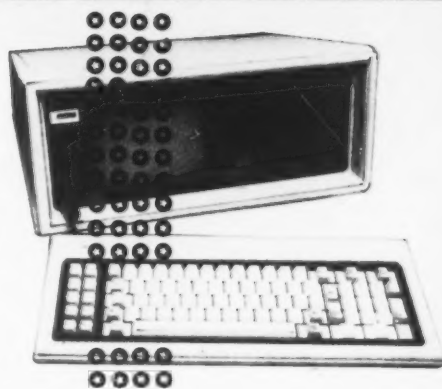
4. Available hardware options provide for a full range of choices to fit any budget. The cost of entry into the PC world varies from \$3,000 to \$10,000. With the proper guidance—talking to other PC users, visiting computer stores, reading this series—you can learn to understand the hardware options that will affect your initial purchase.

5. Computer networks will help you reduce cost and increase sales. Any sales manager who has had to relay a message from the home office to the field by 9:00 a.m. Monday morning can appreciate the need for "electronic mail." PCs, supported by the proper hardware and software, can establish a continuous dialogue with the sales force. While it may seem impersonal, it is no more so than a memo, and it eliminates many of the unnecessary calls which do not improve productivity or selling efficiency.

6. PCs open your window to a world full of computerized information. Within the past five years, there has been an enormous investment in organizing vast amounts of information into usable and manageable formats, for computer access via telephone. These data bases are full of current hour-by-hour and historical data on every conceivable field that touches on sales and marketing. The PC provides a means for harnessing this growing base of information for daily decision-making.

7. Understanding the PC's capabilities provides the only effective means for managing its future growth within your company. Like it or not, in the future business environment PCs will be as common as calculators are today. If the PC is to be the focal point for decision-making in marketing, you must understand it. While you may not be the person who feeds it the data, you *must* be the one who will manage its

This is the first of three articles to be excerpted from a new book, *Personal Computers: Gaining the Competitive Edge in Sales and Marketing*, by Norman Wiener, director of market research at St. Regis Paper for 11 years before moving to his present job earlier this year. The second installment, in the Mar. 12 S&MM, will discuss software packages; the third, in the Apr. 2 issue, hardware options.



capacity to generate information for decision-making.

The PC is no more and no less than an extension of your goals and abilities. Its purpose must always be to further your effectiveness as a manager.

Before you can organize information for use on a PC, you must decide how you want the information to help you.

All experts agree that the successful sales manager must have five major abilities, and, not surprisingly, all of those abilities are based on knowledge. The five:

- ◆ Know the territory.
- ◆ Know the competition.
- ◆ Know the product.
- ◆ Know how to manage the increasingly complicated sales process.
- ◆ Know how to communicate and coordinate with other departments.

#### *Data collection forms*

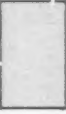
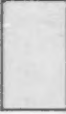
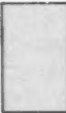
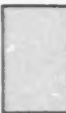
As you attempt to gather information for use with your PC, you will face the need for data collection forms. By using these forms, which are critical if you want to build a consistent base of information (commonly called a "data base") from a variety of sources, you will establish enough data to set up several important data bases, ranging from mailing lists to analyses of your customers, competitors, and sales force.

The accumulation of this data will take time, and will require the resources of your sales personnel, regional sales managers, and marketing and product managers. In some cases, you may be able to gener-

# 9 ways the PC can help sales managers

The greater productivity that the personal computer (PC) will unleash is best seen by consider-

ing the nine modes of the sales manager and how the PC can improve his management of them.

| Mode                                                                                                     | Traditional                                                                                          | PC-Oriented                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>Collecting</b>      | Call reports, competitor information, key industry indicators, senior management plans.              | Expandable capacity of PC storage devices—disk drives—lets you gather an incredible amount of data and retrieve it within seconds. Once in place, this investment will pay back its cost many times over.                                                                                                                                                                                                                          |
|  <b>Organizing</b>      | Putting together collected information and using it to manage the sales force.                       | In most cases, you can input your data in almost any order, and organize it later in any manner desired. Sorting and printing 1,000 customer cards alphabetically, then by Zip Code, then by account size, and finally by primary business could be done in 20 minutes.                                                                                                                                                            |
|  <b>Retrieving</b>      | Finding the crucial information needed for the sales process.                                        | Let's say your product development people need a list of customers using one of your products and those of competitor X, with at least 50 employees in the plant. Checking files, talking to salespeople, and querying customers would be a monumental effort. With a customer data base, a secretary can generate the list in minutes. Most important, this task would not involve the sales force, saving more time for selling. |
|  <b>Educating</b>      | Using retrieved information to build a better sales force.                                           | PC-generated reports provide the most concise, time-effective way of educating sales representatives and managers on any aspect of the sales process. They learn what you want them to, because you determine the report format.                                                                                                                                                                                                   |
|  <b>Processing</b>    | Analyzing what's been collected, organized, and retrieved for management insights.                   | Clearly the PC's greatest strength because it can add, subtract, multiply, divide, and formulate any series of numbers quicker than the human mind. It can also redo calculations, with different values, as often as you wish.                                                                                                                                                                                                    |
|  <b>Persuading</b>    | Using what's been processed for factual and emotional convincing.                                    | The heart of the selling process. With the right software, data can be integrated into a customized report for your customer, showing how the cost effectiveness of your product surpasses that of competitors', thus increasing your chances of success.                                                                                                                                                                          |
|  <b>Planning</b>      | Projecting what's been collected, organized, retrieved, and processed to make a stronger future.     | With a good data base and proper software, sales-planning tasks that took days can be done in hours for both short-term decision-making and long-range problems.                                                                                                                                                                                                                                                                   |
|  <b>Communicating</b> | Staying in touch with sales staff, other departments, and customers via written and spoken word.     | Using word processing software, you can print practically all repetitively generated memos, and have them personalized for each recipient. Also, simple charting and graphing can be accomplished, making presentations more effective.                                                                                                                                                                                            |
|  <b>Travelling</b>    | Staying in touch with sales staff, other departments, and customers via flying, riding, and driving. | The PC can provide your selling team with various ways to plan sales calls efficiently. By monitoring each sales representative's calling routes and measuring them against account potential and time necessary to reach the account, you can adjust unproductive scheduling.                                                                                                                                                     |

ate a significant amount of this data directly into a format for use on your computer by having your company data-processing department record it onto storage devices—disks—for your own PC. Gathering the information in the developmental stage should be a slow, well-planned process. Be sure to determine what you want your final product to do, then work backwards from there.

The first data collection form, Know the Territory, includes information on your customers, prospects, territory structure/geography, mailing lists, historical sales performance, and critical sales call factors. Subsectors could in-

clude such things as annual potential, expected growth rate, average order size, and frequency of orders.\*

The second form, Know the Competition, will have information that helps you assess the strategies and strengths of competitors and develop strategies to sell against them. This will include information on competitors' business mix, financial results, product markets, distribution channels, lead time, credit terms, guarantees/warranties, advantages and disadvantages of products and services, selling and mar-

*\*The data collection forms are shown in their entirety in the book.*

keting strategies, advertising spending, research and development expenditures, principal distributors, key customers, performance rating, and manufacturing facilities.

The third form, Know the Product, in addition to its selling applications, can also be a beneficial method for other divisions to have access to all salient selling information in order to help their own customers to your product line. At my former company, St. Regis, for example, where we participated in many different packaging businesses with separate and distinct selling organizations, we were often advised that a customer needed a specific product at a specific location. Finding the sales representative in a hurry can be the difference in obtaining that sale.

Some of the elements in the product form include features, technical specifications, applications, plant manufacturing data, ordering/selling specifications, pricing, troubleshooting data, locations of service centers, distribution, packaging, competitive information, and personnel/product managers. Market share information could also be included.

The fourth form, Know How to Manage the Selling Process, will alleviate many of selling's administrative details. Time taken away from the selling process, whether the time of the sales manager in his planning role, or that of the sales organization responding to administrative needs, represents irreplaceable time that can only lessen the sales force's earnings potential.

#### *Electronic grab bag*

Some of the information will include sales recruiting, job profiles, personal profiles on all sales reps (home and business addresses, family data, emergency information, and employment history), and critical information on key sales-related services (such as restaurants, hotels/motels, sales

### **How marketers will use their PCs**

The Alexander Hamilton Institute made an extensive survey of sales managers to determine how they would put a personal computer (PC) to work. Each sales manager was asked to rate applications on a scale from 1 to 5, with 1 representing no interest and 5 high interest. Specifically, they were asked to make this rating with the assumption they would have a PC on their desk, along with the necessary user-friendly software. Here's how they rated the applications:

| Rank | Application                                                                                                   | Mean Score |
|------|---------------------------------------------------------------------------------------------------------------|------------|
| 1.   | Sales analysis: company sales                                                                                 | 4.72       |
| 2.   | Sales forecasting                                                                                             | 4.36       |
| 3.   | Sales analysis: company vs. competitor sales                                                                  | 4.27       |
| 4.   | Develop sales budgets                                                                                         | 4.25       |
| 5.   | Develop sales performance ratios, by sales representative                                                     | 4.09       |
| 5.   | Determine developmental potentials, by territory                                                              | 4.09       |
| 7.   | Sales analysis: company vs. industry sales                                                                    | 4.00       |
| 8.   | Produce sales quotes                                                                                          | 3.73       |
| 9.   | Maintain customer profiles                                                                                    | 3.72       |
| 9.   | Develop sales quotas                                                                                          | 3.72       |
| 11.  | Manage sales inquiries and leads                                                                              | 3.69       |
| 12.  | Maintain internal company information (products, pricing, technical, etc.)                                    | 3.61       |
| 13.  | Develop competitive performance parameters                                                                    | 3.58       |
| 14.  | Maintain information on sales personnel                                                                       | 3.53       |
| 15.  | Measure return on time invested                                                                               | 3.46       |
| 15.  | Generate customized graphics for sales presentations                                                          | 3.46       |
| 17.  | Determine alignment of sales representatives                                                                  | 3.45       |
| 17.  | Develop market penetration ratios                                                                             | 3.45       |
| 19.  | Maintain competitive information data base                                                                    | 3.36       |
| 20.  | Generate customized presentation reports for sales calls                                                      | 3.23       |
| 21.  | Monitor sales-call costs                                                                                      | 3.07       |
| 22.  | Maintain customer mailing lists                                                                               | 3.00       |
| 23.  | Maintain file of stock letters for personalized business correspondence                                       | 2.69       |
| 23.  | Maintain data base of all key sales-related facilities (hotels/motels, restaurants, conference centers, etc.) | 2.69       |
| 25.  | Generate pre-filed order forms for sales representatives                                                      | 2.53       |
| 26.  | Maintain log of sales representatives' call routes                                                            | 2.27       |

meeting centers, entertainment options, and travel services).

The PC's "memory" is a good place to store those incidental bits of information which, if stored in human memory, may be forgotten when needed later on. Quite often, helpful pieces of information on good restaurants and meeting places, which could spell the difference between a successful event and a disaster of a sales meeting, are accumulated by sales managers for future use.

The fifth, and final, form, *Know How to Communicate/Coordinate*, insures that certain critical people in the company who interface with the marketing department are advised when specific events occur. The data established in the form will constitute an ongoing reference for your secretarial staff, insuring that communication protocols are followed in a standardized manner.

The second component of this form is the sales budgeting process. Budgeting data requirements, of course, differ from company to company. Some of the more common elements are salaries, sales meetings, trade shows, market research, advertising, sales promotion, travel and entertainment, conferences, publicity, new-product development, and administrative expenses.

#### *Automating the mundane*

The information gathered on the five forms, plus the PC, will give the marketer the ability to provide stronger leadership by automating both the mundane requests and many of the complicated tasks involved with the management of selling that take away from precious selling time. Putting the power of a PC in the marketer's hands creates better direction by providing better allocation of sales personnel time by account and territory, better understanding of account profitability, and most importantly, improved sales call productivity. 

## JAUNDICED EYE

### Straight commission with a twist

John MacIntosh is a name you probably don't know, but it's burned into my memory. John was the best young salesman I ever knew, and I'm convinced his talent began in the womb.

More than 30 years ago, I was engaged by a client to build a sales force for a new line of toy products. The company already had a sales organization for its industrial division, but the toy market was as new to the company as its imaginative toys.

Since the introduction of the line was to be regionally limited, I decided on company salesmen rather than manufacturers' representatives.

We needed two men, but when MacIntosh applied for the job I almost didn't interview him. He'd called three times for an appointment and was unsuccessful in nailing me down to a date. I met him first when he was sitting next to me in the theatre and introduced himself with the explanation that he was just in the neighborhood and thought he'd stop writing notes on the back of his program. At the end of the performance he handed the notes to me. They turned out to be a calendar listing the dates he'd be available for an interview—every day and every hour over the next two weeks.

"John," I told him the next day in my office, "I must say I admire your persistence but you have no experience. You'd starve to death on our 10% commission."

"Mr. Lavenson," he responded, "I agree it would be harder for me than an experienced salesman. But don't you agree that the more difficult a job, the higher the reward should be?"

"Sure," I said, "that's the way the system works. The harder the job, the bigger the payoff."

"O.K.," John went on, "in that case I think my commission should be 15% since I have no experience and I have to work much harder to make a sale. My father is a test pilot and gets paid twice as much as an experienced pilot to fly a new airplane in which he's had absolutely no experience. He has a deal where if the plane crashes he doesn't get paid. I'm ready for the same kind of proposition."

I was impressed enough to hire him knowing the small guaranteed salary wouldn't make or break us. My instincts must have been right since MacIntosh at the age of 24 made more than \$40,000 his first year. He made that much again the second year in commissions alone, despite the fact that I dealt with his contract renewal by feeding him back some of his own medicine.

"John," I told him at the signing of our second year contract, "is the job easier for you now that you have experience?"

"Sure," he replied, not suspecting my ingenuity.

"Good. Your commission drops to 10%."

*By Jim Lavenson*